



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Ted Stewart  
Executive Director

James W. Carter  
Division Director

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
801-538-5340  
801-359-3940 (Fax)  
801-538-5319 (TDD)

March 18, 1996

Gordon S. Ziegler  
President  
Ziegler Chemical & Mineral Corporation  
100 Jericho Quadrangle  
Jericho, New York 11753

Re: Tentative Approval of ZI-95-1 Amendment to Large Mining Operations, Ziegler Chemical & Mineral Corporation (Ziegler), Ziegler Gilsonite Operations, M/047/013, Uintah County, Utah

Dear Mr. Ziegler:

The Division has completed a review of Ziegler's response to the Division's February 21, 1996, review letter for the ZI-95-1 amendment. The Division received Ziegler's response prepared by Robert E. Covington on March 4, 1996. The information contained in Ziegler's response has addressed the concerns raised in the last review, and, therefore, the Division hereby grants tentative approval of this amendment. Final approval will be granted after the amount and form of surety has been approved by the Board of Oil, Gas and Mining. The comments listed below are provided for clarification purposes.

R647-4-106 Operation Plan

*106.5 Existing soil types, location, amount*

Ziegler's response to the comments under this rule heading indicated soil samples have been collected and sent to a lab for analysis. The Division will use the results of the lab analysis to determine the appropriate revegetation treatments and application rates. Until that information is received, Ziegler will be expected to comply with the currently proposed revegetation treatments. LK

*106.7 Existing vegetation-species and amount*

Ziegler's response describes some of the common species found onsite; however, no estimate of the percent of vegetative ground cover was provided. The lack of this information will not prevent the Division from issuing tentative approval of this amendment; however, this information is needed. This information is the basis for establishing the revegetation success standard specific to each site. Please refer to review comments under section 110.5 below. LK

R647-4-110 Reclamation Plan

*110.5 Revegetation planting program*

Ziegler's response states that seeding will be done in conformance with the State of Utah's requirements. The Division interprets this statement as a commitment to use the proposed seed mix for



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reclamation of this site. This seed mix may need to be revised using the vegetative cover and species information described as lacking in section R647-4-106.7. In order to familiarize our staff biologist with the Ziegler sites, we will perform a site inspection during May 1996. During that inspection we will examine the amount of vegetative cover and vegetative species present at the mine site and adjacent undisturbed areas. This information will be used to satisfy the requirements under this section and section 106.7 above. In future applications for mine plan amendments and/or permit revisions, Ziegler must include the necessary vegetative survey information, describing percent cover and the requisite plant species for new mine disturbances. *LK*

R647-4-113 Surety

The Division's reclamation estimate for this amendment proposal is acceptable to Ziegler. Crediting Ziegler for completion of the earthwork at the Cottonwood 1, 2, and 3 sites will reduce the amount of surety increase required for the ZI-95-1 amendment. Please provide the Division with a new reclamation surety amount of \$113,900. This could easily be accomplished by means of a rider to the present Letter of Credit and this would be acceptable to the Division. Please contact us if you choose to post some other form of surety so we can provide you with the proper forms. In either case, a new Reclamation Contract form will need to be submitted. We have partially completed a new Reclamation Contract assuming that Ziegler would pursue a rider to the existing letter of credit. This form is enclosed for your use, as well as a blank form. Please complete the Reclamation Contract using the enclosed guidelines. SITLA has informed us they would recognize the surety posted with the Division for reclamation of this site; however, they will require that a separate surety amount be posted with them for rental and royalty security. AAG

To accommodate Ziegler's desire to begin work at this amendment site as soon as possible, we have tentatively scheduled the revised reclamation surety to be presented to our Board for approval at their next Hearing to be held on March 28, 1996. To present this matter at the Hearing we will need to receive the revised surety and signed copy of the new reclamation contract prior to that date. Please inform us if you will be unable to provide these documents by that time so we may make other arrangements.

If you have any question regarding this letter please contact me, Tony Gallegos, or Lynn Kunzler of the Minerals Staff. Thank you for your cooperation in completing this permitting action.

Sincerely,



D. Wayne Hedberg  
Permit Supervisor  
Minerals Reclamation Program

jb  
Enclosure: partially completed MR-RC; blank MR-RC;  
guide for completing MR-RC  
cc: Norm Haslem, Ziegler Gilsonite Operations w/encl  
Bud Covington, Consultant for Ziegler  
Will Stokes, SITLA (ML-46565)  
M47-13z1.let

File Number M/047/013

Effective Date \_\_\_\_\_

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

*Partially  
completed*

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/047/013  
(Mineral Mined) Gilsonite

"MINE LOCATION":  
(Name of Mine) Ziegler Gilsonite Mine  
(Description) Underground Mines in  
Uintah County, Utah

"DISTURBED AREA":  
(Disturbed Acres) 33.34  
(Legal Description) (refer to Attachment "A")

"OPERATOR":  
(Company or Name) Ziegler Chemical & Mineral Corporation  
(Address) 100 Jericho Quad  
Jericho, New York 11753  
(Phone) (516) 681-9600

**"OPERATOR'S REGISTERED AGENT":**

(Name)

McKeachnie & Allred

(Address)

Gayle F. McKeachnie

363 East Main

Vernal, Utah 84078

(Phone)

(801) 789-4908

**"OPERATOR'S OFFICER(S)":**

Gordon Ziegler, Jr., President

T. Dibartolomeo, Vice President

Norman Haslem, Manager, Vernal, Utah Office

**"SURETY":**

(Form of Surety - Attachment B)

Irrevocable Letter of Credit

**"SURETY COMPANY":**

(Name, Policy or Acct. No.)

National Westminster Bank, USA

**"SURETY AMOUNT":**

(Escalated Dollars)

\$113,900

**"ESCALATION YEAR":**

1999

**"STATE":**

State of Utah

**"DIVISION":**

Division of Oil, Gas and Mining

**"BOARD":**

Board of Oil, Gas and Mining

**ATTACHMENTS:**

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Ziegler Chemical the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/047/013 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated July 16, 1986, and the original Reclamation Plan dated July 16, 1986. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as



amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

Ziegler Chemical and Mineral Corporation  
Operator Name

By: \_\_\_\_\_  
Authorized Officer (Typed or Printed)

\_\_\_\_\_  
Authorized Officer's Signature

\_\_\_\_\_  
Date

=====

SO AGREED this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY \_\_\_\_\_  
Dave D. Lauriski, Chairman  
Utah State Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By \_\_\_\_\_  
James W. Carter, Director

\_\_\_\_\_ Date

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

On the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, personally appeared before me, who being duly sworn did say that he/she, the said \_\_\_\_\_ is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledged to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.

\_\_\_\_\_  
Notary Public  
Residing at: \_\_\_\_\_

\_\_\_\_\_  
My Commission Expires:



OPERATOR:

Ziegler Chemical and Mineral Corporation  
Operator Name

By \_\_\_\_\_  
Corporate Officer - Position

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

On the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, personally  
appeared before me \_\_\_\_\_ who  
being by me duly sworn did say that he/she, the said \_\_\_\_\_  
is the \_\_\_\_\_ of \_\_\_\_\_  
and duly acknowledged that said instrument was signed on behalf of said company  
by authority of its bylaws or a resolution of its board of directors and said  
\_\_\_\_\_ duly acknowledged to me that said  
company executed the same.

\_\_\_\_\_  
Notary Public  
Residing at: \_\_\_\_\_

\_\_\_\_\_  
My Commission Expires:

# ATTACHMENT "A"

Ziegler Chemical & Mineral Corp.  
Operator

Ziegler Gilsonite Mines  
Mine Name

M/047/013  
Permit Number

Uintah County, Utah

## The legal description of lands to be disturbed is:

<u>Name</u>	<u>Legal Description</u>	<u>Acres</u>
Independent 3	T9S, R24E, Sec. 16: SE1/4 of NE1/4	1.38
Independent 4	T9S, R24E, Sec. 16: SW1/4 of NE1/4	1.41
Independent 5 (ML851A)	T9S, R24E, Sec. 16: NW1/4 of NE1/4	1.20
Little Bonanza 3	T9S, R24E, Sec. 16: SW1/4 of SE1/4	1.14
Little Bonanza 8	T9S, R24E, Sec. 16: SE1/4 of SE1/4	1.00
Little Bonanza 8A	T9S, R24E, Sec 15: SW1/4 of SW1/4	1.00
Little Bonanza 11	T9S, R24E, Sec. 22: NE1/4 of NW1/4	1.01
Little Bonanza 12	T9S, R24E, Sec. 22: NE1/4 of NW1/4	1.51
Little Emma 1	T9S, R24E, Sec. 30: SE1/4 of SE1/4	1.10
Cottonwood 1 & 2	T10S, R21E, Sec. 29: NE1/4 of SE1/4	1.24
Cottonwood 3	T10S, R21E, Sec. 29: SW1/4 of NW1/4 and T10S, R21E, Sec. 30: SE1/4 of NE1/4	1.50
Cowboy Federal #1	T8S, R21E, Sec. 33: SW1/4 of SW1/4 of SE1/4	3.30
Z1-95-1	T9S, R24E, Sec. 16: NE1/4 of NW1/4 of NW1/4	4.55
		<u>21.34</u>

## Processing Facilities:

T9S, R24E, Sec. 22: NW1/4 of NW1/4	3.00
T9S, R24E, Sec. 15: SW1/4 of SW1/4	5.00
T9S, R24E, Sec. 16: SW1/4 of SE1/4	4.00
	<u>12.00</u>
Total All	33.34